GOVERNMENT OF INDIA
CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION
LOK SABHA

UNSTARRED QUESTION NO:4005
ANSWERED ON:23.03.2001
DECONTROLLING OF SUGAR
VARKALA RADHAKRISHNAN

Will the Minister of CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION be pleased to state:

(a) whether the Government have decontrolled the sugar industry;

(b) if so, the details thereof alongwith the reasons therefor;

(c) the impact of decontrol on the prices of sugar; and

(d) the corrective steps taken by the Government in this direction?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION (S SREENIVASA PRASAD)

(a) & (b) : Government has decided to decontrol the sugar industry in a phased manner. The levy obligation on sugar factories, which was reduced from 40% to 30% w.e.f. 1.1.2000, has been further reduced to 15% w.e.f. 1.2.2001. The aforesaid decision has been taken as a part of Government`s decision on phased decontrol of sugar as part of reforms process in the sugar sector and to improve the health of the sugar industry as well as to enable the sugar factories to make timely payment of cane price as also to liquidate the cane price arrears.

(c) & (d) : Government has not yet decontrolled the sugar industry. Only levy obligation has been reduced to 15% with effect from 1.2.2001. The monthly release mechanism for release of freesale sugar is continuing. The prices of freesale sugar in the open market depend upon a number of factors. It is not possible to isolate the effect of a single factor on the behaviour of prices. As such, it is not possible to indicate the effect of reduction in the levy obligation to 15% with effect from 1.2.2001 on prices of freesale sugar.